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# EXHIBIT C

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**PREPARED FOR:**  
***Speaks v U.S. Tobacco***  
September 5, 2017

**PREPARED BY:**  
**David C. Holland**  
612.359.2054  
[Dholland@RustConsulting.com](mailto:Dholland@RustConsulting.com)

**PROPOSAL  
SUMMARY**

Estimated Class Size	823,606
Estimated Filing Rate	3.64%
<b>Notice Costs</b>	
Class Data Management	\$73,340
Mailed Notice	82,637
Publication Notice	-
	<hr/> \$155,978
<b>Administration Costs</b>	
Website	\$25,150
Processing	93,589
Call Center	70,314
Distribution and Tax Reporting	69,932
Fees	100,900
Expenses	As Incurred
	<hr/> \$359,886
<b>Total Project Cost</b>	<hr/> <b>\$515,863</b> <hr/>

**THANK YOU FOR  
GIVING RUST  
CONSULTING THE  
OPPORTUNITY TO  
SUBMIT THIS  
PROPOSAL. WE  
APPRECIATE YOUR  
CONSIDERATION.**

**TRUSTED RESOURCES  
PROVEN RESULTS**

**CREATIVE APPROACH TO ADMINISTRATION**

Rust's experienced project teams approach each engagement as unique. While leveraging existing systems and processes to control costs and maximize efficiency, we also consider all options and opinions, thinking beyond the status quo to identify opportunities and explore creative solutions.

**CONSULT THE GOLD STANDARD**

Insightful, steady leadership is essential: hundreds of daily decisions, large and small, impact the outcome of your programs. Partner with the leader and consult the gold standard for insights on issues such as reaching unidentified audiences, managing participation, and developing balanced claims validation strategies.

**DEPTH OF EXPERIENCE IN YOUR FIELD**

Rust's more than 5,700 settlements and similar programs administered spans nearly every subject area and case type. This means Rust's team members have the directly relevant industry knowledge and market intelligence to guide your program to a successful outcome.

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**KEY ASSUMPTIONS USED TO PREPARE THIS PROPOSAL**

**Class Size** 823,606

**Legal Notification**

Class Member Data Records	614,412	
# of Deceased Records	177,949	
# of Confirmed Address Records	150,406	
Mailed Notice	150,406	18.3%
Forwarded Notices	752	0.5%
Undeliverable Notices	7,520	5.0%
Address Traces for Undeliverable Notices	7,520	100.0%
Re-Mailed Notices	6,016	80.0%
Notice Requests	200	

**Call Center**

Number of Call Center Contacts	7,520	5.0%
Number of Calls in IVR System	7,520	100.0%
Number Reaching CSR	5,264	70.0%
Connect Minutes per Call - IVR	2	
Connect Minutes per Call - CSR	6	

**Claimant Communications**

Opt Outs Received	412	0.05%
Correspondence/Email Received	824	0.1%
Total Claim Forms Received	30,000	3.6%
Hard Copy Claim Forms Received	15,000	50.0%
Online Claim Forms Received	15,000	50.0%
Deficient Claim Forms	1,500	10.0%
Responses to Deficient Claim Forms	750	50.0%

**Distribution**

Mailed Checks	29,250	3.6%
Forwarded Checks	585	2.00%
Undeliverable Checks	4,388	15.0%
Re-Mailed Checks	3,949	90.0%
Reissued Checks Requested by Claimant	439	1.5%

**STANDARD HOURLY RATES (Subject to Change)<sup>1</sup>**

Vice President	\$277-350
Director	\$212-277
Program Manager/Project Manager	\$160-212
Technical Consultant	\$142-233
Call Center/Processing Manager	\$185
Call Center/Processing Supervisor	\$102
Customer Service Representative (CSR)	\$57
Processor	\$61
Other	\$61-233

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## ▲ Class Data Management<sup>2</sup>

	VOLUME		RATE (\$)	TOTAL (\$)
Receive Data File	1	File	500	500
Process Database and Load	150,406	Records	0.02	3,008
Address Confirmation Trace	436,463	Records	0.05	21,823
Deceased Search	614,412	Records	0.07	43,009
Data File Coordination and Analysis	25	Hours	200	5,000
SUBTOTAL				\$73,340

## ▲ Mailed Notice

### CAFA NOTICE

Prepare and Coordinate CAFA Notice	1	One-Time Fee	1,700	1,700
Data Analysis and Creation of Class Member List By State	8	Hours	200	1,600
Postage - Priority Mail	52	Notices	5.75	299

### INITIAL NOTICE<sup>3</sup>

Notice Design, Mailing Setup and Coordination	15	Hours	165	2,475
CASS/NCOA/LACS Processing	1	One-Time Fee	1,000	1,000
Print and Mail Postcard Notice	150,406	Notices	0.09	13,537
Postage - Postcard Notice	150,406	Notices	0.34	51,138

### FOLLOW-UP TO INITIAL NOTICE

Receive Undeliverable Mail and Update Database	8,272	Notices	0.45	3,723
Coordinate Remailing (Assume 3 Mailings)	5	Hours	165	825
Address Trace	7,520	Traces	0.25	1,880
Re-Mail Individual Notice	6,768	Notices	0.25	1,692
Postage - Re-mail Notice	6,768	Notices	0.34	2,301
Print and Mail - Individual Notice Requests	200	Requests	2.00	400
Postage - Individual Notice Requests	200	Requests	0.34	68
SUBTOTAL				\$82,637

## ▲ Publication Notice

### PUBLISHED AND MEDIA NOTICE

Publication			Provided by Kinsella Media	
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## ▲ Website

### WEBSITE

Setup and Load Documents	1	One-Time Fee	1,000	1,000
Draft and Post Website Content	40	Hours	165	6,600
Website Updates and Edits	20	Hours	165	3,300
Monthly Maintenance/Hosting	57	Months	250	14,250
SUBTOTAL				\$25,150

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## Processing<sup>4</sup>

### OPT-OUTS AND CORRESPONDENCE/EMAIL

	VOLUME		RATE (\$)	TOTAL (\$)
Receipt and Process	62	Hours	90	5,559

### HARD COPY CLAIM FORMS

Draft Claims Procedures, Training and Reports	10	Hours	165	1,650
Receipt and Data Capture	15,000	Claims	1.25	18,750
Imaging (1 Page per Form)	15,000	Pages	0.12	1,800

### ONLINE CLAIM FORMS

Develop Online Claim Filing Screens	30	Hours	200	6,000
Monthly Maintenance - Online Claim Filing Period	3	Months	275	825
Download Forms from Website & Update Database	15,000	Claims	0.15	2,250

### VALIDATION

Validate Claims	500	Hours	85	42,500
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### CALCULATION

Calculation and Quality Review	40	Hours	185	7,400
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### PROCESS DEFICIENT CLAIM FORMS

Draft Letters and Coordinate Mailing	10	Hours	165	1,650
Generate Cure Letter and Mail (Minimum \$150/batch)	1,500	Letters	1.50	2,250
Postage - Letters	1,500	Letters	0.47	705
Receive Response and Update Database	750	Responses	3.00	2,250

**SUBTOTAL \$93,589**

## Call Center<sup>5</sup>

Set-up	1	One-Time Fee	1,500	1,500
Draft Scripting, Coordination and Reports	25	Hours	165	4,125
Call Center Management*	50	Hours	140	7,000
CSR Training	40	Hours	57	2,280
Telephone Support	500	Hours	57	28,500
Interactive Voice Response (Automated Q&A)	15,041	Minutes	0.60	9,024
Interactive Voice Response (Automated Q&A) - Mthly Min.	48	Months	250	12,000
Notice Requests	200	Requests	1.45	290
800# Charges	46,626	Minutes	0.12	5,595

**SUBTOTAL \$70,314**

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## Distribution and Tax Reporting

### FUND DISTRIBUTION

	VOLUME		RATE (\$)	TOTAL (\$)
CASS/NCOA/LACS Processing	1	One-Time Fee	500	500
Fund Setup, Distribution Coordination and Reports	20	Hours	165	3,300
Create Distribution Files, Quality Control	10	Hours	200	2,000
Print and Mail Payments - Postcard Checks	29,250	Payments	0.25	7,313
Postage - Award Payments	29,250	Payments	0.38	11,115
System Charges Banking Activities - per check <sup>6</sup>	29,250	Payments	0.22	6,435
Account Reconciliation (1 hour/month)	9	Months	155	1,395
System Charges Banking Activities	9	Months	225	2,025

### REISSUE PROCESSING/BANKING

Manage Reissue Process, Resolve Issues	8	Hours	125	1,000
Receive Undeliverable Payments and Update Database	4,973	Payments	1.00	4,973
Address Trace	4,388	Traces	1.50	6,581
Print and Mail Reissue Payments (minimum \$250/batch)	4,973	Payments	1.50	7,459
Postage	4,973	Payments	0.47	2,337

### TAX REPORTING

Annual Fee -QSF Income Tax Reporting	6	Years	2,250	13,500
Individual Income Tax Reporting (1099)	-	Years	3,000	-

**SUBTOTAL \$69,932**

## Fees<sup>7</sup>

### PROJECT MANAGEMENT

Project Planning and Preparation, Client Calls	200	Hours	167	33,400
Ongoing Maintenance, Declarations, Reporting - Year 1	100	Hours	167	16,700
Ongoing Maintenance, Declarations, Reporting - Year 2-5	160	Hours	175	28,000

### TECHNICAL SUPPORT

Ongoing Maint, System Mods, Reporting, QA - Year 1	30	Hours	200	6,000
Ongoing Maint, System Mods, Reporting, QA - Years 2-5	96	Hours	175	16,800

**SUBTOTAL \$100,900**

## Expenses

Other Charges and Out-of-pocket Costs <sup>8</sup>				As Incurred
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**SUBTOTAL As Incurred**

**Total Estimated Cost \$515,863**

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1. All line items above that indicate hourly rates show blended rates.
2. "Receive and Process Database" assumes that data is complete, standardized, and consistent with respect to the formatting and data components needed to mail and calculate settlement payments. Rust prefers tab delimited text file with field headers, but without text qualifiers. (Other formats may be accepted at Rust's discretion.) Data that requires additional efforts can take a significant amount of time and should be considered when setting key settlement dates, especially the mailed notice deadline. Resources used to enhance or further develop non-standardized data will be billed on a time and materials basis according to Rust's current standard hourly rates.
3. Notice Package: Print and mail per unit price is estimated. Actual prices will be provided after form is finalized, prior to mailing. Notice package includes notice and claim form. Services for notice drafting, claim form design, multiple versions and translations may result in additional hours billed.
4. Claims Processing: "Receipt and Process" includes open, date stamp, label and data capture a 1-page claim form with up to five fields. "Validate" includes accepting or rejecting claims, handling disputes and curing deficient claims.
5. Call Center: The above amounts are estimates based on assumptions noted on Page 2. Actual amounts incurred will be billed on a monthly basis. As call volumes drop to levels where a dedicated staff is no longer needed, we will move into a shared staff delivery service where charges will be allocated on an answered call basis based upon historical call center costs at our standard CSR rates. A minimum charge of \$500 per month will be billed for providing telephone support.
6. Check Processing Charge includes bank activities (electronic clearing, exchange of positive pay files, payment voiding, and online portal usage) and positive pay file review including exception handling.
7. Fees are estimated and will be billed on actual time expended based on the rates found in the current standard Hourly Rates. The rates included in the estimate are a blended estimate of the rates listed above.
8. Out-of-Pocket Expenses: Includes post office box rental, overnight shipments, postage, labels, travel, long distance, data storage and other miscellaneous charges and expenses.

## Terms and Conditions

All administration services to be provided by Rust Consulting to you ("Customer") shall be subject to the following terms and conditions:

1. **Services.** Subject to the terms hereof, Rust Consulting agrees to provide the Customer with claims administration services (hereinafter, "Claims Services") as specified in the Proposal provided to Customer to which these Terms and Conditions are attached.
2. **Term.** The terms of this agreement will remain in effect until completion of the Claims Services, unless earlier terminated in accordance with Section 10 hereof.
3. **Charges for Services.** Charges to the Customer for Claims Services shall be on a time and materials basis at our prevailing rates, as the same may change from time to time. Any fee estimates set forth in the proposal are estimates only, based on information provided by Customer to Rust Consulting. Actual fees charged by Rust Consulting to Customer may be greater or less than such estimate, and Customer shall be responsible for the payment of all such charges and expenses in accordance with Section 4 hereof. Furthermore, Customer will be responsible for payment of all state and local sales and use taxes, if any, levied upon the charges payable by the Customer hereunder. Rust Consulting may derive financial benefits from financial institutions in connection with the deposit and investment of settlement funds with such institutions, including without limitation, discounts on eligible banking services and fees, and loans at favorable rates.
4. **Payment of Charges.** Payment by Customer of Rust Consulting's monthly invoices shall be due upon receipt thereof. Amounts unpaid after thirty (30) days are subject to a service charge at the rate of 1.5% per month or, if less, the highest rate permitted by law. Decisions of the court and actions of the parties, including disapproval or withdrawal of a settlement, do not affect the Customer's liability to Rust Consulting for payment of Claims Services. Claims Services are not provided on a contingency fee basis.
5. **Confidentiality.** Rust Consulting agrees to implement and maintain reasonable and appropriate security measures and safeguards to protect the security and confidentiality of Customer data provided to Rust Consulting by Customer in connection herewith. Should Rust Consulting ever be notified of any judicial order or other proceedings in which a third party seeks to obtain access to the confidential data created by or for the Customer, Rust Consulting will promptly notify the Customer, unless prohibited by applicable law. The Customer shall have the option to (1) provide legal representation at the Customer's expense to avoid such access or (2) promptly reimburse Rust Consulting for any of its costs, including attorneys' fees, reasonably incurred in avoiding, attempting to avoid or providing such access and not paid by the entity seeking the data. If Rust Consulting is required, pursuant to a court order, to produce documents, disclose data, or otherwise act in contravention of the obligations imposed by this Agreement, or otherwise, with respect to maintaining the confidentiality, proprietary nature and secrecy of the produced documents or disclosed data, Rust Consulting will not be liable for breach of said obligation.
6. **Standard Banking Procedures.** In accordance with Rust Consulting's standard banking procedures, Rust Consulting will establish a demand deposit checking account (i.e. non-interest bearing) for funds received related to a distribution, unless directed otherwise in writing by the parties or unless the settlement agreement stipulates otherwise. In cases where funds are temporarily placed in interest bearing or investment accounts, funds will eventually be migrated to a demand deposit checking account prior to a fund distribution.
7. **Rights in Data.** Rust Consulting does not convey nor does the Customer obtain any right in the programs, system data, or materials utilized or provided by Rust Consulting in the ordinary course of business in the performance of this Agreement.
8. **Document Retention.** Unless directed otherwise in writing by Customer, Rust will maintain digitally scanned documents of undeliverable mail, claim forms and other correspondence for one year after final distribution of funds or benefits, or until the date that the disposition of the case is no longer subject to appeal or review, whichever is later. Rust Consulting will retain all bank and tax documents for such period of time as it determines is required to maintain compliance with various federal and state requirements.
9. **Limitation of Liability; Disclaimer of Warranty.** Rust Consulting warrants that our services will be performed with reasonable care in a diligent and competent matter. Our sole obligation will be to correct any non-conformance with this warranty. Rust Consulting shall not be liable, whether under theories of contract, negligence or other tort, statutory duty or other theories of liability in an amount exceeding the total charges to the Customer for the specific work affected by the error or omission. Rust Consulting will not be liable for any incidental, special, indirect, consequential or exemplary damages of any kind; or for any lost profits, lost opportunities, business interruption or for any liability incurred by the Customer or others to any third party. THE WARRANTIES SET FORTH HEREIN ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED, IMPLIED, OR STATUTORY, INCLUDING BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR USE FOR PARTICULAR PURPOSE.
10. **Termination.** The Claims Services to be provided under this Agreement may be terminated, at will by the Customer upon at least 30 calendar days' prior written notice to Rust Consulting. The Customer's obligation to pay for services or projects in progress at the time of notice of withdrawal shall continue throughout that 30 day period. Rust Consulting may terminate this Agreement (i) with 10 calendar days' prior written notice, if the Customer is not current in payment of charges or (ii) in any event, upon at least 3 months' prior written notice to the Customer.
11. **Notice.** Any notice required or permitted hereunder shall be in writing and shall be delivered personally, by, or sent by registered mail, postage prepaid, or overnight courier service to the responsible officer or principal of Rust Consulting or the Customer, as applicable, and shall be deemed given when so delivered personally, or, if mailed, five days after the date of deposit in United States mail, or, if sent by courier, one business day after delivery to such courier service.
12. **Force Majeure.** To the extent performance by Rust Consulting of any of its obligations hereunder is substantially prevented by reason of any act of God or by reason of any other matter beyond Rust Consulting's reasonable control, then such performance shall be excused and this Agreement, at Rust Consulting's option, be deemed suspended during the continuation of such condition and for a reasonable time thereafter.
13. **Nonwaiver of Rights.** No failure or delay on the part of a party in exercising any right hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in a signed writing.
14. **Jurisdiction.** The parties hereto irrevocably and unconditionally submit to the jurisdiction of the Court of the applicable case for purposes of any suit, action or proceeding to enforce any provision of, or based on any right arising out of, this Agreement. The parties hereto hereby irrevocably and unconditionally waive any objection to the laying of venue of any such suit, action or proceeding in the Court.
15. **Survival.** All accrued payment obligations hereunder, any remedies for breach of this Agreement, this Section and the following Sections will survive any expiration or termination of this Agreement: Section 7 (Rights in Data); Section 5 (Confidentiality); Section 9 (Limitation of Liability; Disclaimer of Warranty); and Section 14 (Jurisdiction).
16. **Entire Agreement.** These Terms and Conditions and the proposal embody the entire agreement between the parties with respect to the subject matter hereof, and cancels and supersedes all prior negotiations, representations, and agreements related thereto, either written or oral, except to the extent they are expressly incorporated herein. No changes in, additions to, or waivers of, the terms and conditions set forth herein will be binding upon any party, unless approved in writing by such party's authorized representative.